



**DANIEL  
BEUNZA**

**TAKING  
THE  
FLOOR**

**MODELS, MORALS, AND  
MANAGEMENT IN A WALL  
STREET TRADING ROOM**

**LIVE**  
12:39 pm ET

**FINANCIAL REGULATIONS**

**WILLIAM DUDLEY**  
Federal Reserve Bank of New York  
President & CEO

**C-SPAN**  
c-span.org  
@cspan

“Culture exists within every firm, whether it is recognized or ignored, whether it is nurtured or neglected, and whether it is embraced or disavowed.”

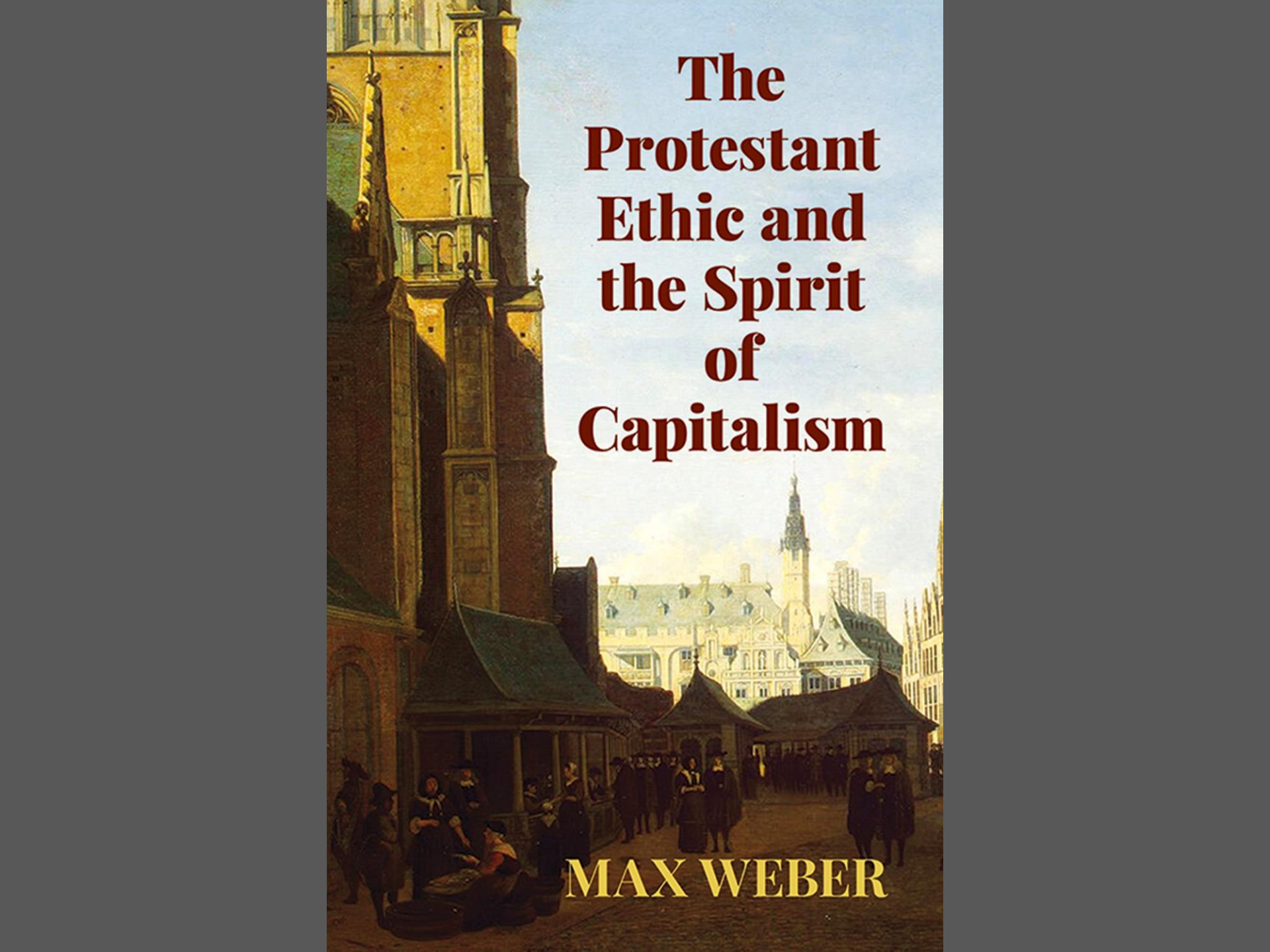
William Dudley



“I’ve had some bank executives and directors say, ‘I’m not a damn sociologist,’ ”

US Comptroller of the Currency, Thomas J. Curry





**The  
Protestant  
Ethic and  
the Spirit  
of  
Capitalism**

**MAX WEBER**

1. If not through overly materialistic values such as greed or impatience, how exactly did morality contribute to the global financial crisis?

2. If presenting bank employees with a brand-new set of values is unlikely to alter their actions, what type of reform might avoid a repetition of the problems that led to the crisis?









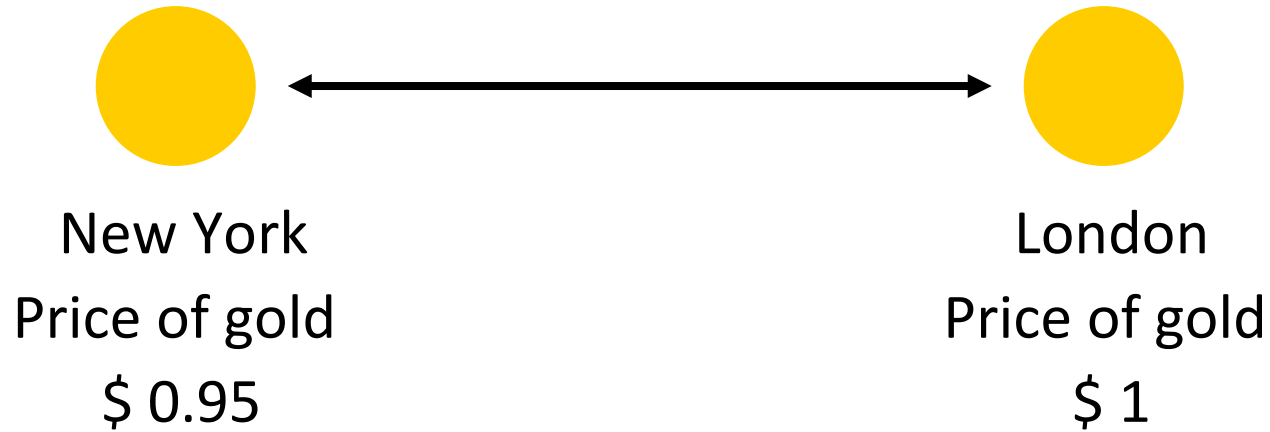




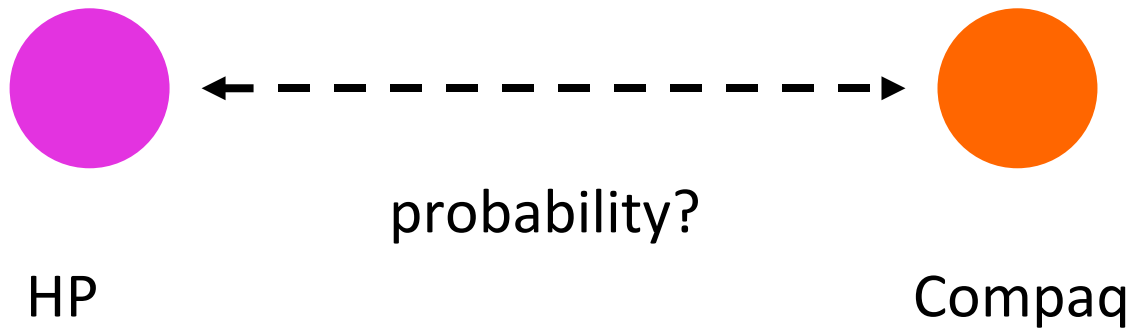




## Classic arbitrage



## Merger arbitrage



.HI ↓ -.36 -.42 0s

Index GPO

At 12:43 Vol 2 Op .06 Hi .06 Lo -.42 Prev .06

# Line Chart .HI Index

1/8

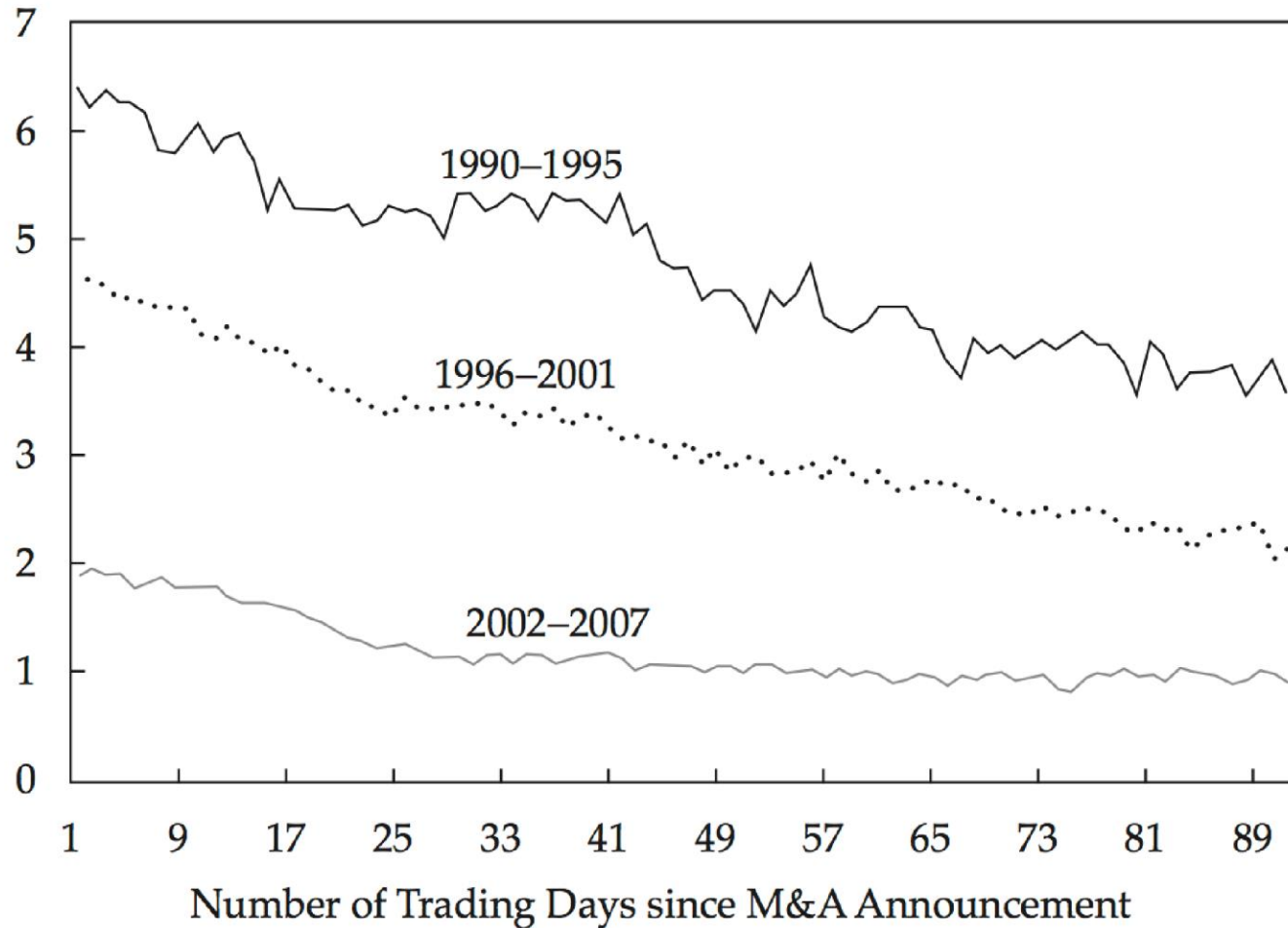
Range **11/15/02** - **3/27/03**      Period **D** Daily  
 Upper Chart: **1** Line Chart      Moving Averages    
 .535 \* HBC US Equity - HI US Equity 1) News

Close	
Last	-0.35718
High 11/25/02	3.45325
Average	1.6087
Low 03/27/03	-0.35718

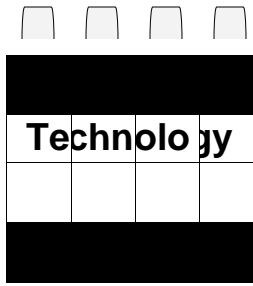


## A. Successful M&A Deals, First 90 Trading Days after M&A Announcement

Arbitrage Spread (%)

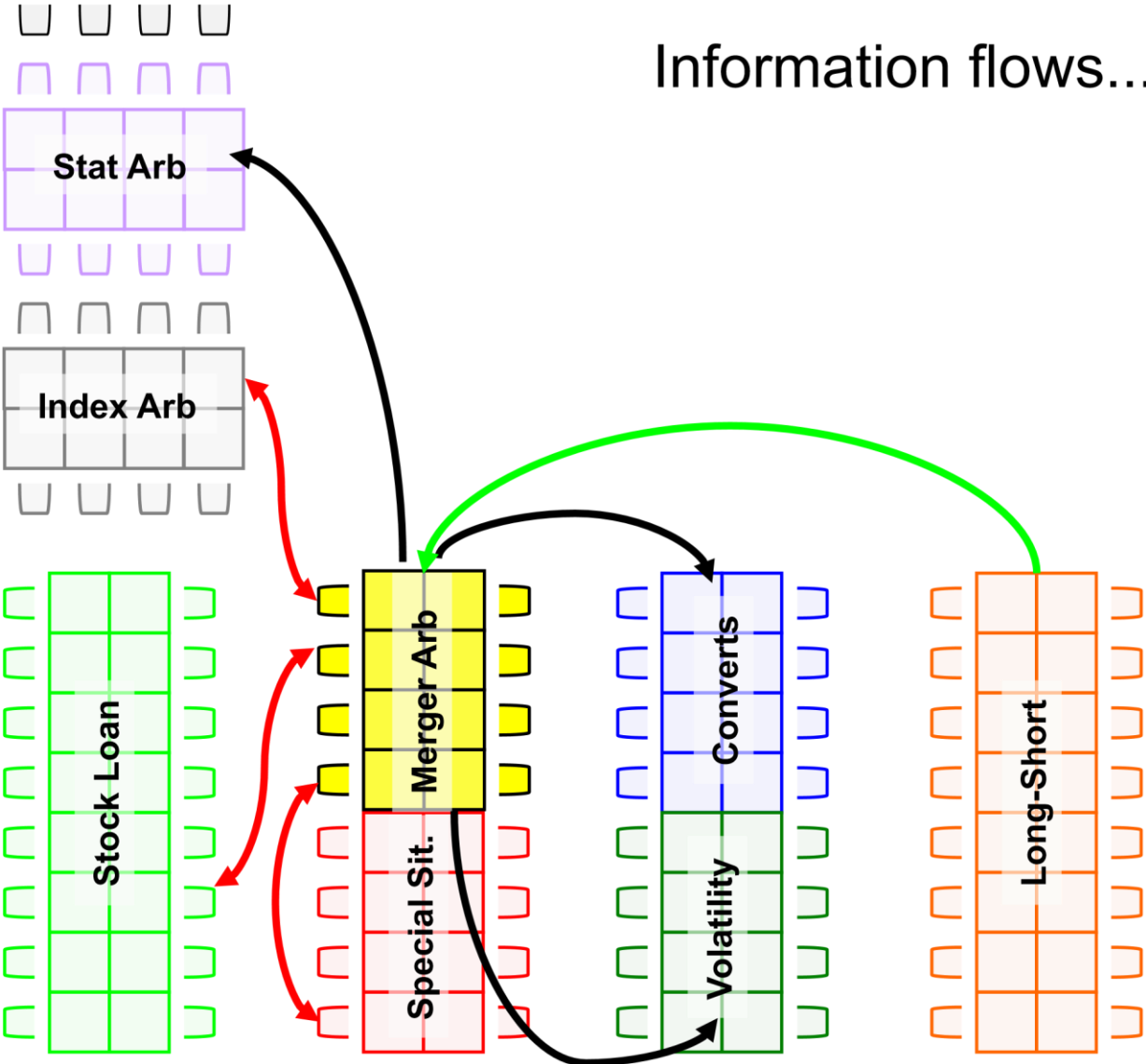


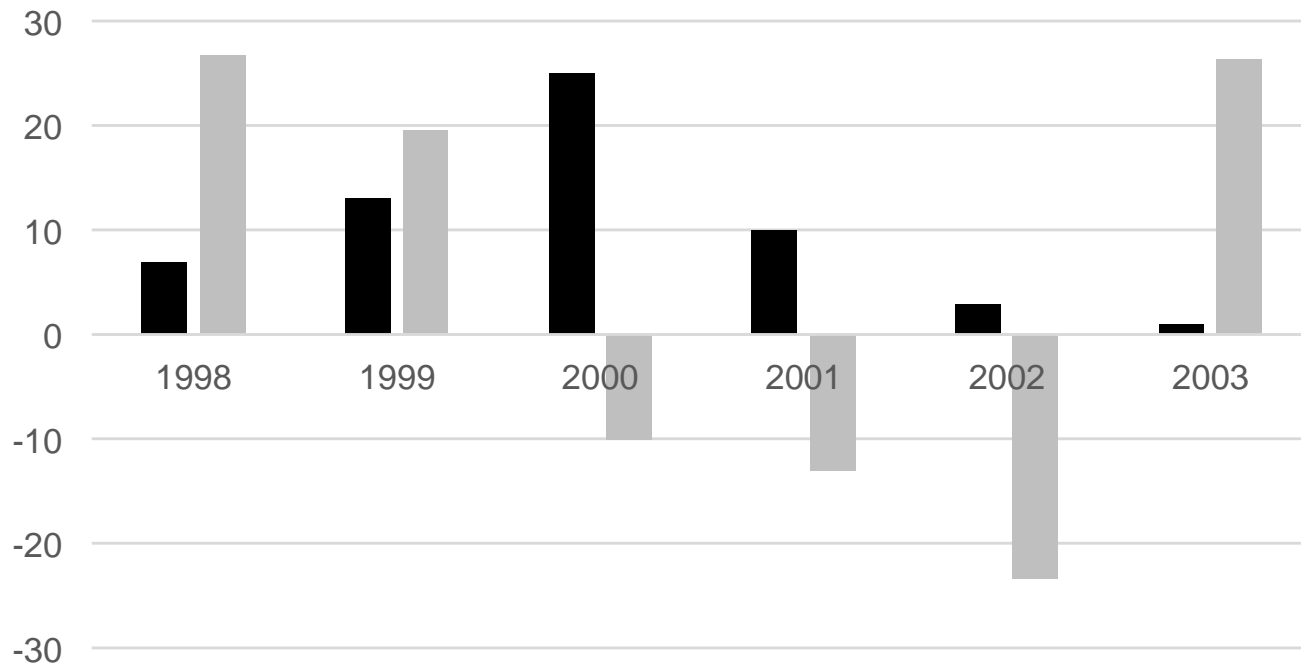




Multi-strategy  
proprietary trading

Information flows...





■ International Securities    ■ S&P 500 Index

**Strategy:** Risk calculations led to weaker corporate relations and funding through capital markets

CEO



